

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: WELDON STUTZMAN
DEPUTY ATTORNEY GENERAL**

DATE: MARCH 8, 2013

**SUBJECT: IDAHO POWER COMPANY'S PETITION FOR APPROVAL OF
AMENDMENT TO AGREEMENT WITH ENERNOC, INC., CASE NO.
IPC-E-13-04**

On March 7, 2013, Idaho Power Company filed a Petition requesting Commission approval of Amendment No. 2 to the February 23, 2009 Demand Response Agreement between Idaho Power and EnerNoc, Inc. The Agreement provides terms by which Idaho Power provides a commercial demand response program for its commercial and industrial customers known as the FlexPeak Management Program. FlexPeak is a voluntary demand response program targeting industrial and large commercial customers that are capable of reducing their electrical energy loads for short periods during summer peak load days. EnerNoc is responsible for developing and implementing all marketing plans, securing participants, installing and maintaining equipment, tracking participation and reporting results to Idaho Power. The Commission approved the EnerNoc Agreement in Order No. 30805 issued May 15, 2009, and subsequently approved an amendment to clarify terms of the Agreement in Order No. 31098.

On December 21, 2012, Idaho Power submitted an application in Case No. IPC-E-12-29 requesting authority to temporarily suspend two other demand response programs, A/C Cool Credit and Irrigation Peak Rewards. A settlement workshop was held on February 6, 2013, in that case, and a settlement in principle was reached by all parties agreeing that a temporary suspension of the A/C Cool Credit and Irrigation Peak Rewards programs for 2013 program seasons is appropriate. The FlexPeak program was not addressed in that case because the

Company is under contract with EnerNoc and does not have the unilateral ability to suspend payment to EnerNoc prior to expiration of the Agreement in February 2014.

Idaho Power and EnerNoc have identified amendments to the contract to reduce the weekly megawatts of nominated demand reduction obligations to a range of 20 MW to 35 MW. Idaho Power's Application asserts that capping the weekly MW of nominated demand reduction at the historical level of 35 MW "will ensure that current participation levels are sustainable while limiting future program costs associated with higher demand reduction levels that the Company has identified it does not need at this time." Idaho Power Petition, p. 5. By capping the weekly nominated demand reduction at 35 MW, reducing the amount of dispatch hours available from 60 to 30 and event days from 20 to 10, and reducing the amount Idaho Power pays to EnerNoc per kilowatt, the Company expects to save program expenses of approximately \$500,000 in 2013. The Company's Petition requests that the Commission approve these amendments to the Idaho Power-EnerNoc Agreement.

Idaho Power requests that its Application be processed by Modified Procedure. Staff recommends that the Commission issue a Notice of Petition and Notice of Modified Procedure providing for a 21-day comment period to process the Company's Application.

COMMISSION DECISION

Should the Commission issue a Notice of Petition and Notice of Modified Procedure to process Idaho Power's Petition requesting approval of amendments to the Agreement between Idaho Power and EnerNoc?

A handwritten signature in black ink, appearing to read 'WBS', followed by a horizontal line.

Weldon B. Stutzman
Deputy Attorney General

bls/M:IPC-E-13-04_ws